

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLORADO**

**Criminal Case No.**

**UNITED STATES OF AMERICA,**

**Plaintiff**

**v.**

- 1. PHILIP R. LOCHMILLER,  
a/k/a Philip R. Lochmiller, Sr.,**
- 2. PHILIP R. LOCHMILLER, II,  
a/k/a Philip R. Lochmiller, Jr.,  
and**
- 3. SHAWNEE N. CARVER,**

**Defendants**

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**INDICTMENT**

**18 U.S.C. §371**

(Conspiracy to Commit Mail and Securities Fraud)

**18 U.S.C. §1956(h)**

(Conspiracy to Commit Money Laundering)

**18 U.S.C. §§1957 & 2**

(Money Laundering)

**18 U.S.C. §§1341 & 2**

(Mail Fraud)

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**COUNT ONE**

**A. INTRODUCTION**

At all times relevant to this Indictment:

1. Valley Mortgage, Inc. (hereinafter "Valley Mortgage") was incorporated under the laws of the State of Colorado on or about September 8, 1994, and was originally engaged in the business of originating or brokering of home mortgages. **PHILIP R. LOCHMILLER, a/k/a Philip R. Lochmiller,**

**Sr. (hereinafter “Philip R. Lochmiller” or “Lochmiller”)** was principal, officer, director and control person of Valley Mortgage.

2. Originally located at 646 Main Street, Valley Mortgage purchased an office building located at 1445 7th Street, Grand Junction, Colorado, and moved their business to the new location in May 2005.
3. Beginning in approximately 1999, using the newly-created trade name “Valley Investments,” **PHILIP R. LOCHMILLER**, along with **PHILIP R. LOCHMILLER, II, a/k/a Philip R. Lochmiller, Jr.** (hereinafter “**Philip R. Lochmiller II**” or “**Lochmiller II**”), and others entered into the “affordable housing” real estate development and housing sales business. The business, operating interchangeably with Valley Mortgage, primarily involved the acquisition, with investor funds, of vacant land or existing mobile home parks and converting them to mobile or manufactured home subdivisions by subdividing the property into individual lots.
4. From its inception until it closed in May 2009, **PHILIP R. LOCHMILLER and PHILIP R. LOCHMILLER, II** operated and controlled Valley Mortgage and Valley Investments (collectively referenced herein as “the business”). **LOCHMILLER and LOCHMILLER, II** represented the business by, among other things, directing its employees, soliciting and interacting with investors, and controlling all financial matters.

5. Between 2000 and 2005, Valley Mortgage, through **PHILIP R. LOCHMILLER, PHILIP R. LOCHMILLER, II**, and others, acquired five properties purportedly to develop “affordable housing” subdivisions:
  - a. Country Living Park, Mack, Colorado, acquired in phases beginning in November 1999;
  - b. Blue Mountain Village, Dinosaur, Colorado, acquired in September 2004;
  - c. Sunburst Terrace, Vernal, Utah, acquired in December 2004; and
  - d. The Meadows Mobile Home Park, La Junta, Colorado, acquired in November 2005; and
  - e. Llano Estacada Subdivision, Pocatello, Idaho, acquired in April 2008.
6. Purportedly to finance the development of the properties, Valley Investments, through **PHILIP R. LOCHMILLER and PHILIP R. LOCHMILLER, II**, advertised and solicited investments from individuals of 1 or 2-year duration at 10-14% interest paid monthly. The advertisements characterized the investment as a “solid security” secured and recorded by a Deed of Trust in the investor’s name.
7. **PHILIP R. LOCHMILLER and PHILIP R. LOCHMILLER, II** created or caused to be created offering materials, mailed or otherwise provided to potential investors. In addition, **LOCHMILLER and LOCHMILLER, II** met personally and telephonically with investors, most of whom were elderly,

to solicit their participation. **LOCHMILLER and LOCHMILLER, II** represented to investors that Valley Investments used investor funds exclusively to acquire property and finance the development of the subdivisions they owned. **LOCHMILLER and LOCHMILLER, II** further represented that Valley Investments generated large profits by selling manufactured homes together with lots within their subdivisions.

8. Upon speaking with investors, **PHILIP R. LOCHMILLER, PHILIP R. LOCHMILLER, II** and others promised as high as 18% return on investments with Valley Investments. In exchange, investors would receive a promissory note and a recorded first “Deed of Trust” on individual lots, worth a minimum \$20,000.00, at a 50% loan-to-value ratio. Investors were also promised that the lot values would be “verified by a licensed appraiser.”
9. Investors could choose to receive monthly payments, and thus earn simple interest, or they could choose compound interest with no monthly payments. Monthly statements were mailed to investors. At the end of their investment term investors could, and were often encouraged to, defer repayment of principal and extend their investments into another 2-year term.
10. **PHILIP R. LOCHMILLER**, as President of Valley Mortgage, executed investor documents on behalf of the business, and authorized purchases

and sales by the business and related entities. **PHILIP R. LOCHMILLER, II** managed the finances, and signed checks on behalf of the business.

11. From 2005 through May 2009, **SHAWNEE N. CARVER** was a full-time employee of Valley Mortgage and the personal assistant to **PHILIP R. LOCHMILLER, II**. Along with the **LOCHMILLERS**, **CARVER** had full and exclusive access to the investors' data, to include the amount of individual and total investments, the lots to which investors were assigned, and the amounts of interest payments accruing. **CARVER** interacted with investors, in person and by mail, on behalf of the business and prepared and notarized documents on behalf of Valley Investments.
12. **PHILIP R. LOCHMILLER, PHILIP R. LOCHMILLER, II and SHAWNEE N. CARVER** were salaried employees of Valley Mortgage, a corporation. In addition to salaries, **LOCHMILLER** and **LOCHMILLER, II** directed and caused Valley Mortgage to pay numerous personal expenses on their behalf. **LOCHMILLER, II** also received "bonuses" of 1% of the amount invested through him. **CARVER** received "bonuses" based on sales by Valley Mortgage as well.
13. Between approximately 2000 and 2009, **PHILIP R. LOCHMILLER and PHILIP R. LOCHMILLER, II** caused Valley to receive approximately \$31,000,000.00 from approximately 400 investors.

## **B. CHARGE**

From a date uncertain, but at least by 1999, through in or about May 2009, in the District of Colorado and elsewhere, the defendants,

**PHILIP R. LOCHMILLER**  
**PHILIP R. LOCHMILLER, II**  
**and**  
**SHAWNEE N. CARVER,**

did knowingly and willfully combine, conspire, confederate and agree together and with other persons to commit offenses against the United States, that is:

1. to devise and intend to devise a scheme and artifice to defraud, and for obtaining money or property by means of false and fraudulent pretenses, representations and promises, and for the purpose of executing the scheme and artifice, places in any post office or authorized depository for mail matter, letters to be sent and delivered by the Postal Service, in violation of Title 18, United States Code, Section 1341; and
2. to offer and sell securities by use of the mails, and in so doing, to employ a device, scheme and artifice to defraud, in violation of Title 15, United States Code, Section 77q.

## **C. MANNER AND MEANS BY WHICH THE CONSPIRACY WAS CARRIED OUT**

It was part of the conspiracy that:

1. **PHILIP R. LOCHMILLER, PHILIP R. LOCHMILLER, II, SHAWNEE N. CARVER** and others enticed potential investors with material false and fraudulent pretenses, representations and promises of long-term stability,

investment security, high value of business assets and high rates of return based upon purported profitability of the company.

2. **PHILIP R. LOCHMILLER, PHILIP R. LOCHMILLER, II, SHAWNEE N.**

**CARVER** and others also falsely and fraudulently misrepresented, concealed and failed to disclose material information to investors including, but not limited to:

- a. the fact of **LOCHMILLER'S** prior conviction for securities fraud, a felony, in the State of California;
- b. the fact that **LOCHMILLER** sought discharge in bankruptcy in 1987 in Colorado;
- c. the fact that **LOCHMILLER II** sought discharge in bankruptcy in 1998 in California, and was discharged in 2002;
- d. the fact that the Colorado Division of Securities issued a written advisement letter to **LOCHMILLER** and Valley Investments in June 2001 to cease the offering and advertising of securities; and
- e. the defendants' diversion of investor funds and business income for personal use.

3. **PHILIP R. LOCHMILLER, PHILIP R. LOCHMILLER, II, SHAWNEE N.**

**CARVER** and others falsely and fraudulently represented that investments would be and were secured by properly recorded first Deeds of Trust on otherwise unencumbered lots owned by Valley Mortgage, and that the

property securing each investment was worth substantially more than the investment amount.

4. In fact, Valley Mortgage did not own sufficient property or assets to secure the investments as represented. Unbeknownst to investors, the amount of “secured” investment funds far exceeded the value of the encumbered property and the business assets, a spread which continued to grow each year of the Valley entities’ existence, and contributed to the businesses’ ultimate failure.
5. **PHILIP R. LOCHMILLER, PHILIP R. LOCHMILLER, II, SHAWNEE N. CARVER** and others continued to solicit investor funds for several years despite knowing that the business was not generating sufficient profit or value to sustain itself or the **LOCHMILLERS’** exorbitant personal spending.
6. Because the business operation was not sustainable, **PHILIP R. LOCHMILLER, PHILIP R. LOCHMILLER, II, and SHAWNEE N. CARVER** used new investor funds to make interest payments to existing investors, operate the daily activities of the business and fund the **LOCHMILLERS’** personal expenditures. Yet, **LOCHMILLER, LOCHMILLER, II, and CARVER** continued to misrepresent to investors that the business was thriving, and did not disclose to new investors how their money was being used.



7. Further, knowing that the business activity and assets were insufficient to secure outstanding investments, **PHILIP R. LOCHMILLER, PHILIP R. LOCHMILLER, II, and SHAWNEE N. CARVER** did not file all of the Trust Deeds on behalf of investors, and most of the filed Trust Deeds were not the first encumbrance on the properties named and were thus worthless.
8. To surreptitiously divert funds from the business, **PHILIP R. LOCHMILLER and PHILIP R. LOCHMILLER, II** utilized, among other methods: multiple business entities, bank accounts and financial transactions; false and fraudulent salaries and payroll records, accounting entries, and business expenses; and personal utilization of company resources and employees.
9. **PHILIP R. LOCHMILLER, PHILIP R. LOCHMILLER, II, SHAWNEE N. CARVER** and others committed acts to hide and conceal the purposes of the conspiracy and the acts committed in furtherance thereof.

#### **D. OVERT ACTS**

In furtherance of the conspiracy, and to effect the objects thereof, the following overt acts were committed in the District of Colorado and elsewhere:

1. On or about May 5, 1999, **PHILIP R. LOCHMILLER** created and mailed a letter in which he solicited investments and explained the Valley Mortgage investment process. The letter stated, "These investments are secured by recording a 1<sup>st</sup> Trust deed against the home and the land in the name of the investors when the property is sold the new home owners pays off the

investors and Valley Mortgage with a loan arranged by Valley Mortgage through a major lender at a local Title Company. The investors funds are then placed into the next project and another 1<sup>st</sup> Trust Deed is recorded, again securing your investment.” *(errors in original)*

2. In or about November 1999, **PHILIP R. LOCHMILLER**, as President of Valley Mortgage, purchased a mobile home park for \$700,000.00 in Mack, Colorado, later renamed “Country Living Park.” **LOCHMILLER** paid \$150,000.00 at the time of purchase, and owed the balance with interest to the seller. The balance was paid in installments, and paid in full in June 2004.
3. On or about June 27, 2001, **PHILIP R. LOCHMILLER** received a letter from the State of Colorado Division of Securities, in which **LOCHMILLER** was advised of Colorado State securities laws prohibiting the sale of unregistered securities, selling securities without a license and fraudulent conduct in relation to securities sales. The advisement stated, in part, “... we must first insist that you and any person acting for or on behalf of Valley Mortgage, Inc. and Philip Lochmiller immediately cease any and all offers (including public advertising through newspapers, mailings or solicitation) and sales of unregistered, non-exempt securities...; engaging in business as a broker-dealer, mortgage broker, or sales representative without proper licensing; cease activities ... potentially in violation of the anti-fraud provisions... of the Colorado Securities Act.”

4. On or about September 15, 2001, **PHILIP R. LOCHMILLER** accepted a \$30,000.00 investment from D.F. In exchange, **LOCHMILLER** signed a Promissory Note to repay D.F. D.F. renewed his investment each of the next 2-year periods, and received Deeds of Trust on Lots 1A, 4, and 9, Country Living Park, and Lot 65, Sunburst Terrace. **LOCHMILLER and SHAWNEE N. CARVER** did not record any Deed of Trust in favor of D.F., nor did they notify D.F. that Lots 1A and 9 were sold subsequent to his investment and Deeds of Trust.
5. On or about May 20, 2003, **PHILIP R. LOCHMILLER** accepted a \$120,000.00 investment from F.M. and D.M. In exchange, **LOCHMILLER** signed a Promissory Note and Deed of Trust which conveyed interests to the investors in Lots 4, 9, 12, 13, 16 and 17, \$20,000.00 per lot, of Country Living Park. All of the lots listed in the Deed of Trust were part of the property for which **LOCHMILLER** carried indebtedness from the original purchase in November 1999.
6. Between on or about May 20, 2003, and March 27, 2009, **PHILIP R. LOCHMILLER, PHILIP R. LOCHMILLER, II, and SHAWNEE N. CARVER** secured at least 13 separate investments with Lot 4, Country Living Park, a lot with a rental trailer. One Trust Deed was released. After March 27, 2009, investments secured in full or in part by Lot 4 totaled at least \$640,726.64.

7. In or about September 2003, **PHILIP R. LOCHMILLER**, as President of Valley Mortgage, contracted to purchase land adjacent to Country Living Park for \$350,000.00. The seller financed the purchase, and title conveyed to Valley Mortgage in November 2007, upon payment in full.
8. On or about January 20, 2004, **PHILIP R. LOCHMILLER** deposited \$25,000.00 cash into his account at Mesa National Bank and \$20,000.00 cash into his account at Community First Bank.
9. On or about January 31, 2004, **PHILIP R. LOCHMILLER** and others traveled by air to Cancun, Mexico.
10. February 2, 2004, **PHILIP R. LOCHMILLER** caused two wire transfers for \$25,000.00 each, one from his Mesa National Bank account and one from his Community First Bank account, to be sent to a recipient in Mexico as a down payment on the purchase of a furnished condominium located in Puerto Aventuras, near Cancun, Mexico.
11. On or about April 20, 2004, **PHILIP R. LOCHMILLER** caused to be sent from a Valley Mortgage account at American National Bank ("ANB") a \$100,000.00 wire transfer for the purchase of the aforementioned condominium in Mexico.
12. On or about May 21, 2004, **PHILIP R. LOCHMILLER** caused to be sent from a Valley Mortgage account at ANB a \$100,000.00 wire transfer for the purchase of the aforementioned condominium in Mexico.

13. On or about May 21, 2004, **PHILIP R. LOCHMILLER** made a telephone transfer of \$15,000.00 from a Valley Mortgage account at ANB to his personal account at ANB. On the same date, **LOCHMILLER** wrote a check for \$13,685.00 on his personal ANB account to an individual in Mexico. The payment related to the condominium purchase in Mexico.
14. Between January 2003 and May 2008, **PHILIP R. LOCHMILLER** traveled to Cancun, Mexico, by air at least 13 times. **PHILIP R. LOCHMILLER, II** traveled to Cancun, Mexico, by air at least 5 times.
15. In or about September 2004, **PHILIP R. LOCHMILLER**, as President of Valley Mortgage, purchased property in Dinosaur, Colorado, known as "Blue Mountain Village," for \$300,000.00. Lochmiller paid approximately \$60,000.00 down and executed a promissory note for the \$240,000.00 balance. The balance was paid to the seller in installments, and paid in full in September 2008.
16. In or about December 2004, **PHILIP R. LOCHMILLER**, as President of Valley Mortgage, contracted to purchase land in Vernal, Utah, known as "Sunburst Terrace," for \$600,000.00. **LOCHMILLER** paid \$100,000.00 down and executed a \$500,000.00 Trust Deed for the balance. The balance was paid to the seller in installments, and paid in full in approximately January 2008.
17. Between on or about June 1, 2005, and March 27, 2009, **PHILIP R. LOCHMILLER, PHILIP R. LOCHMILLER, II, and SHAWNEE N.**

**CARVER** secured at least 12 separate investments, all with purported first Deeds of Trust, on Lot 34, Country Living Park, a lot with a rental trailer. After March 27, 2009, investments secured by Lot 34 totaled at least \$259,096.03.

18. In or about July 2005, **PHILIP R. LOCHMILLER**, in his own name, contracted to purchase 39 acres of land adjacent to Blue Mountain Village in Dinosaur, Colorado, for \$170,000.00. **LOCHMILLER** caused Valley Mortgage to pay \$30,000.00 down payment. **LOCHMILLER** personally executed a \$140,000.00 Trust Deed for the balance.
19. On or about August 24, 2005, **PHILIP R. LOCHMILLER and PHILIP R. LOCHMILLER, II** received an appraisal of a manufactured home on Lot 84, Country Living Park II, which valued the home and lot together at \$102,000.00. The appraiser valued the lot at \$45,000.00.
20. In or about November 2005, **PHILIP R. LOCHMILLER**, as President of Valley Mortgage, contracted to purchase property located in La Junta, Colorado, known as "The Meadows" Mobile Home Park, for \$550,000.00. **LOCHMILLER** paid \$145,000.00 down and executed a \$405,000.00 Trust Deed for the balance.
21. On or about February 8, 2006, **PHILIP R. LOCHMILLER and SHAWNEE N. CARVER** created and recorded a Deed of Trust in favor of investors J.D. and F.D. to secure a \$20,000.00 investment in Valley Mortgage. The

Deed of Trust was secured by Lot 91, Country Living Park II, which had been sold by Valley Mortgage in November 2004.

22. On or about March 1, 2006, **PHILIP R. LOCHMILLER**, using the business entity name "New Liberty Homes, Inc.," opened a checking account at American National Bank. **LOCHMILLER**, as sole signatory on the account, subsequently deposited rebate checks from Skyline Corporation, from which Valley Mortgage purchased manufactured homes, and used the rebate money primarily for personal expenditures.
23. On or about March 8, 2006, **SHAWNEE N. CARVER** transmitted via facsimile false and fraudulent financial statements regarding New Liberty Homes, Inc. to Skyline Corporation in support of a New Dealer Application signed and submitted by **PHILIP R. LOCHMILLER**.
24. On or about May 15, 2006, **SHAWNEE N. CARVER** notarized the forged signature of investor R.C. on a Release of Deed of Trust.
25. On or about June 27, 2006, **SHAWNEE N. CARVER** notarized the forged signature of investor D.M. on a Partial Release of Deed of Trust.
26. On or about November 29, 2006, **PHILIP R. LOCHMILLER, II** hand-wrote and signed check number #32851, in the amount of \$8,256.76, on the Valley Mortgage, Inc. American National Bank account, made payable to "Performance Pool" in payment for a spa installed at the personal residence of **LOCHMILLER, II**.

27. In or about May-June 2007, **PHILIP R. LOCHMILLER, II** explained the investment program to potential investor P.G., and falsely stated that the company operates conservatively and that they maintain enough operating cash to enable them to pay off any outstanding promissory notes. **LOCHMILLER, II** also falsely stated that Valley makes \$50,000.00 profit on each lot and home they sold.
28. In or before May 2007, **PHILIP R. LOCHMILLER** refused to disclose Valley Investments financial information to investor C.S. upon request.
29. In or about June 2007, **PHILIP R. LOCHMILLER**, in his own name, purchased real property adjacent to Sunburst Terrace, known as "Sunburst Terrace South," for \$750,000.00 **LOCHMILLER** paid \$110,000.00 and executed a \$640,000.00 Trust Deed for the balance.
30. On or about July 11, 2007, **PHILIP R. LOCHMILLER** caused Land Title Guarantee Company to disburse proceeds to him in the amount of \$136,800.38, which represented the proceeds of the sale of Lot 78, Country Living Park II, owned by Valley Investments. **LOCHMILLER** deposited the check into his personal bank account.
31. On or about July 12, 2007, **PHILIP R. LOCHMILLER** wrote a check on his personal bank account in the amount of \$136,800.36 to a family member.
32. On or after August 7, 2007, **PHILIP R. LOCHMILLER, II** caused Valley Investments to pay \$2,156.61 for improvements made to his privately owned boat.



33. On or after September 30, 2007, **PHILIP R. LOCHMILLER and PHILIP R. LOCHMILLER, II** caused to be created a "Profit & Loss by Job" statement for the sale of Lot 42 and home thereon in Sunburst Terrace, which closed in March 2007. The statement reflected a net income from the sale of -\$1,472.34.
34. On or after September 30, 2007, **PHILIP R. LOCHMILLER and PHILIP R. LOCHMILLER, II** caused to be created a "Profit & Loss by Job" statement for the sale of Lot 43 and home thereon in Sunburst Terrace, which closed in March 2007. The statement reflected a net income from the sale of \$599.42.
35. On or about October 16, 2007, **PHILIP R. LOCHMILLER** caused to be generated from Valley Mortgage records Profit and Loss statements for Country Living Park, Sunburst Terrace and The Meadows developments. The statements reflected the following Net Ordinary Incomes for the period January 1, 2006 through October 16, 2007:
  - a. -\$146,968.32 for Country Living Park;
  - b. -\$208,982.65 for Sunburst Terrace; and
  - c. \$39,493.70 for The Meadows.
36. On or about November 8, 2007, **PHILIP R. LOCHMILLER** requested and received a report from a Valley Mortgage accountant listing Valley Mortgage income and expenses for the period October 21 through

November 9, 2007. The report reflected a net income of -\$492,154.08, a starting bank balance of \$750,000.00, and a net balance of \$257,846.00.

37. On or about January 30, 2008, **SHAWNEE N. CARVER** created a financial report which indicated that Valley Investments owed to investors \$258,292.93 in simple interest payments for the month of January 2008.
38. On or about May 20, 2008, **PHILIP R. LOCHMILLER and SHAWNEE N. CARVER** created and subsequently recorded a Deed of Trust to the benefit of investors R.L. and M.L. in exchange for an investment of \$30,000.00. The Deed of Trust purportedly encumbered property described as "Lot(s) 121 in Block(s) 2 of Country Living Park III." The official platting of Country Living Park III had not been approved by Mesa County; thus, Lot 121 did not exist.
39. On or about May 27, 2008, **PHILIP R. LOCHMILLER and SHAWNEE N. CARVER** created and subsequently filed a Deed of Trust to the benefit of investors E.B. and R.B. in exchange for an investment of \$30,000.00. The Deed of Trust purportedly encumbered property described as "Lot(s) 152 in Block(s) 2 of Country Living Park III." The official platting of Country Living Park III had not been approved by Mesa County; thus, Lot 152 did not exist.
40. On or about May 30, 2008, **SHAWNEE N. CARVER** created a financial report which indicated that Valley Investments owed to investors \$418,622.79 in simple interest payments for the month of May 2008.

41. In or about June 2008, **PHILIP R. LOCHMILLER**, as President of Valley Mortgage, contracted to purchase property located in Bannock County, Idaho, known as “Llano Estacada.” **LOCHMILLER** paid no cash at the sale, instead executing a Trust Deed to the sellers in the full amount of the sale, \$1,190,000.00. **LOCHMILLER** agreed to make payments to the sellers until the balance was paid.
42. On or about July 22-23, 2008, **PHILIP R. LOCHMILLER, II and SHAWNEE N. CARVER** transmitted an email to investor F.H., in which **LOCHMILLER II** falsely informed the investor, “We average 10 homes sold per month and we’ve averaged that for the last 5 years. And actually now we’re selling 15 homes every month because of the influx of new families to our area...”
43. On or about August 18, 2008, **PHILIP R. LOCHMILLER and SHAWNEE N. CARVER** created and subsequently recorded a Deed of Trust to the benefit of investors E.B. and R.B. in exchange for \$60,000.00. The Deed of Trust conveyed property described as “Lot(s) 150 in Block(s) 2 of Country Living Park III.” The official platting of Country Living Park III had not been approved by Mesa County; thus, Lot 150 did not exist.
44. In or about September 2008, **PHILIP R. LOCHMILLER** refused to provide audited financial statements as requested by investor M.D. In lieu thereof, **LOCHMILLER** gave to M.D. a false and fictitious document which stated Valley Investments sold 81 homes in 2006, 90 homes in 2007, and

69 homes through August 2008. In the document, **LOCHMILLER** falsely stated, "... we are on track for 100 homes in 2008 with an average of 8 homes a month. The sales in our projects have been and remain very strong. In 2009 our sales will increase even more with the opening of new subdivisions..."

45. On or about December 4, 2008, **PHILIP R. LOCHMILLER** wrote check number 1020 in the amount of \$20,000.00 to Valley Investments, on the account of "Country Living Park HOA Inc." **LOCHMILLER** caused the check to be deposited in Valley Mortgage Inc. General Account number 8837083628 at Wells Fargo Bank.
46. On or about December 4, 2008, **PHILIP R. LOCHMILLER, II** wrote check number 50427 to **PHILIP R. LOCHMILLER** in the amount of \$10,000.00 on Valley Mortgage Inc. General Account number 8837083628 at Wells Fargo Bank.
47. On or about December 5, 2008, **PHILIP R. LOCHMILLER** hand-wrote check number 50440 made out to himself in the amount of \$10,000.00 on Valley Mortgage Inc. General Account number 8837083628 at Wells Fargo Bank.
48. On or about December 17, 2008, **PHILIP R. LOCHMILLER** wrote check number 1021 in the amount of \$11,500.00 to Valley Investments, on the account of Country Living Park HOA Inc.

49. At the end of 2008, **PHILIP R. LOCHMILLER and PHILIP R. LOCHMILLER, II** caused to be created business records which reflected 62 total home sales for the year; eleven sales in Country Living Park and 51 sales in Sunburst Terrace.
50. In or about January 2009, **PHILIP R. LOCHMILLER and SHAWNEE N. CARVER** falsely assured investor D.M. that Valley Investments was doing well in the slow economy, that they had many new contracts on houses, and they were on schedule for development of new properties.
51. On or about January 7, 2009, **SHAWNEE N. CARVER** notarized two forged signatures of investor D.M. on two Releases of Deed of Trust documents, which fraudulently released D.M.'s secured interest in Lots 26 and 33, Country Living Park.
52. On or about January 13, 2009, **PHILIP R. LOCHMILLER** created and mailed to investors a letter in which he explained that the economic downturn was helping his housing sales; he falsely claimed to have sold "over 100 homes last year and we am now receiving our final map and plans for another 81 new homes which we will sell this year in Sunburst Terrace South in Vernal, Utah." (*errors in original*) **LOCHMILLER** falsely added, "All of our subdivisions are producing sales."
53. On or about February 23, 2009, **SHAWNEE N. CARVER** falsely and fraudulently represented to investors E.E. and R.E. that their 2007 Deed

of Trust on Lots 17, 18, and 19, Block 1, Country Living Park II, had been recorded.

54. During a meeting at Valley Investments on or about March 10, 2009, **PHILIP R. LOCHMILLER** falsely represented to a potential investor, among other things, that: he does not put more than one investor on a lot; each investor has security at least one and a half times the investment amount; investors receive first trust deeds; he does not make “a dime” until he sells a house; and he sold 170-175 houses in 2008.
55. On or about March 25, 2009, **PHILIP R. LOCHMILLER** created and mailed a “Reminder” letter which stated in part, “So this is a final reminder that you have 6 days left to take advantage of the 14% interest rate we are offering solely to you, the investors and/or their families... Hurry, time is running out.”
56. On or about April 22, 2009, **PHILIP R. LOCHMILLER** negotiated to purchase a yacht located in Newport Beach, California, for \$250,000.00.
57. On or about May 6, 2009, **PHILIP R. LOCHMILLER, II** wrote and signed a \$15,000.00 check to himself on the Valley Investments Inc. general account. On the same day, **LOCHMILLER II** purchased a \$5,000.00 Official Check at American National Bank, which he subsequently signed over to an automobile restoration business for payment toward the restoration of his 1971 classic truck.

58. On or before May 7, 2009, **PHILIP R. LOCHMILLER and SHAWNEE N. CARVER** falsely and fraudulently represented to six unrelated investors, all of whose investments had been purportedly secured by a “first position” encumbrance on Lot 92, Country Living Park II, that the lot had been sold. Based upon this false representation, the investors released their Deeds of Trust.
59. From in or about November 2008 through June 2009, **PHILIP R. LOCHMILLER, II** caused Valley Investments to pay over \$24,000.00 for restoration of his classic automobiles.
60. On or about May 19, 2009, **PHILIP R. LOCHMILLER, II**, in speaking with investor M.G., was upbeat and excited about the operations of the business, and explained that sales at Valley Investments were going great.
61. On or about May 20, 2009, **PHILIP R. LOCHMILLER and PHILIP R. LOCHMILLER, II** ceased operations of Valley Mortgage.
62. A “Valley Investments Accounts Payable Aging Summary As of May 20, 2009,” generated for the benefit of **PHILIP R. LOCHMILLER and PHILIP R. LOCHMILLER, II**, reflected that Valley Investments owed \$272,124.70 in non-investor business expenses at the time it closed; \$166,277.12 was more than 90 days overdue. The documentation further reflected a bank balance in the general operating account of \$806.41.

All in violation of Title 18, United States Code, Section 371.

**COUNT TWO**

1. Sections A, C and D are realleged as if fully set forth herein.
2. From a date uncertain, but at least by 1999, through in or about May

2009, in the District of Colorado and elsewhere, the defendants,

**PHILIP R. LOCHMILLER  
PHILIP R. LOCHMILLER, II  
and  
SHAWNEE N. CARVER,**

did knowingly combine, conspire, confederate and agree together and with other persons to engage and attempt to engage in monetary transactions in criminally derived property of a value greater than \$10,000.00 and is derived from specified unlawful activity, that is, mail fraud, in violation of Title 18, United States Code, Section 1957.

All in violation of Title 18, United States Code, Section 1956(h).

**COUNTS THREE THROUGH TWENTY-THREE**

1. The allegations contained in sections A, C and D of Count One are hereby expressly incorporated as if set forth herein.

2. That on or about the dates set forth below, in the District of Colorado and elsewhere, the defendants named below did knowingly and willfully engage and attempt to engage in monetary transactions affecting interstate and foreign commerce, and involving criminally derived property of a value of greater than \$10,000.00, which funds were in fact derived from specified unlawful activity, that is, mail fraud, as specified below:



COUNT	DEFENDANTS	DATE	TRANSACTION	AMOUNT
THREE	PHILIP R. LOCHMILLER and PHILIP R. LOCHMILLER, II	October 3, 2005	Two checks, ## 26833 & 26834, Valley Mortgage ANB account #3900230, signed by <b>LOCHMILLER</b> , payable to and deposited into <b>LOCHMILLER, II</b> account at Alpine Bank	\$10,014.00
FOUR	PHILIP R. LOCHMILLER and PHILIP R. LOCHMILLER, II	October 17, 2005	Check #27000, Valley Mortgage ANB account #3900230, signed by <b>LOCHMILLER, II</b> , payable to and deposited into <b>LOCHMILLER</b> ANB account	\$19,417.00
FIVE	PHILIP R. LOCHMILLER	September 27, 2006	Two checks, ##32214 & 32215, Valley Mortgage ANB account #3900230, signed by <b>LOCHMILLER</b> , payable to and deposited into <b>LOCHMILLER</b> ANB account	\$11,000.00
SIX	PHILIP R. LOCHMILLER	November 2, 2006	Check #33102, Valley Mortgage ANB account #3900230, signed by <b>LOCHMILLER</b> , payable to and deposited into <b>LOCHMILLER</b> ANB account	\$20,000.00
SEVEN	PHILIP R. LOCHMILLER, II	January 15, 2007	Four checks, ## 34267, 34290, 34291, & 34292, Valley Mortgage account #3900230, signed by <b>LOCHMILLER, II</b> , payable to and deposited into <b>LOCHMILLER, II</b> Alpine Bank accounts	\$11,213.75
EIGHT	PHILIP R. LOCHMILLER and PHILIP R. LOCHMILLER, II	February 12, 2007	Check #34864, Valley Mortgage ANB account #3900230, signed by <b>LOCHMILLER, II</b> , payable to and cashed by <b>LOCHMILLER</b>	\$22,500.00
NINE	PHILIP R. LOCHMILLER and PHILIP R. LOCHMILLER, II	March 8, 2007	Check #35399, Valley Mortgage ANB account #3900230, signed by <b>LOCHMILLER, II</b> , payable to and deposited into <b>LOCHMILLER</b> ANB account	\$30,000.00

COUNT	DEFENDANTS	DATE	TRANSACTION	AMOUNT
TEN	PHILIP R. LOCHMILLER	April 11, 2007	Check #35995, Valley Mortgage ANB account #3900230, signed by <b>LOCHMILLER</b> , payable to and deposited by the Internal Revenue Service	\$114,247.48
ELEVEN	PHILIP R. LOCHMILLER and PHILIP R. LOCHMILLER, II	June 21, 2007	Check #37478, Valley Mortgage ANB account #3900230, signed by <b>LOCHMILLER, II</b> payable to and deposited by the Internal Revenue Service	\$15,800.00
TWELVE	PHILIP R. LOCHMILLER	July 11, 2007	Check #5021421, Land Title Guarantee Company account, payable to and deposited into <b>LOCHMILLER</b> ANB account	\$136,800.38
THIR-TEEN	PHILIP R. LOCHMILLER	July 12, 2007	Check #2129, <b>LOCHMILLER</b> ANB account #10128668, signed by <b>LOCHMILLER</b> , payable to and deposited by C.L.	\$136,800.36
FOUR-TEEN	PHILIP R. LOCHMILLER and PHILIP R. LOCHMILLER, II	July 26, 2007	Two checks, ##38189 & 38190, Valley Mortgage ANB account #3900230, signed by <b>LOCHMILLER, II</b> payable to and deposited by Department of Treasury	\$15,800.00
FIFTEEN	PHILIP R. LOCHMILLER and PHILIP R. LOCHMILLER, II	January 24, 2008	Check #42102, Valley Mortgage ANB account #3900230, signed by <b>LOCHMILLER, II</b> payable to and deposited by <b>LOCHMILLER</b>	\$15,320.00
SIXTEEN	PHILIP R. LOCHMILLER	April 21, 2008	Checks ##043731 and 043732, Skyline Corp. payable to New Liberty Homes, Inc., deposited into New Liberty Homes ANB account #10128668 by <b>LOCHMILLER</b>	\$216,347.43
SEVEN-TEEN	PHILIP R. LOCHMILLER	April 21, 2008	Telephone transfer, New Liberty Homes ANB account #70637898, by <b>LOCHMILLER</b> into <b>LOCHMILLER</b> account #10128668	\$50,000.00

COUNT	DEFENDANTS	DATE	TRANSACTION	AMOUNT
<b>EIGH-TEEN</b>	<b>PHILIP R. LOCHMILLER</b>	May 29, 2008	Check #1000, New Liberty Homes ANB account #70637898, signed by <b>LOCHMILLER</b> , payable to and deposited by <b>LOCHMILLER</b>	\$15,000.00
<b>NINE-TEEN</b>	<b>PHILIP R. LOCHMILLER</b>	June 23, 2008	Check #2195, <b>LOCHMILLER</b> ANB account #10128668, payable to and deposited by "All Sound" following deposits of New Liberty Homes and Valley Mortgage checks into <b>LOCHMILLER</b> account	\$17,940.44
<b>TWENTY</b>	<b>PHILIP R. LOCHMILLER</b>	July 1, 2008	Check #1001, New Liberty Homes ANB account #70637898, signed by <b>LOCHMILLER</b> , payable to and deposited by <b>LOCHMILLER</b>	\$20,000.00
<b>TWENTY-ONE</b>	<b>PHILIP R. LOCHMILLER</b>	November 14, 2008	Check #1051, New Liberty Homes ANB account #70637898, signed by <b>LOCHMILLER</b> , payable to cash	\$40,000.00
<b>TWENTY-TWO</b>	<b>PHILIP R. LOCHMILLER</b>	December 4, 2008	Check #1020, Country Living Park HOA ANB account #70414008, signed by <b>LOCHMILLER</b> , payable to and deposited by Valley Investments	\$20,000.00
<b>TWENTY-THREE</b>	<b>PHILIP R. LOCHMILLER</b>	April 9, 2009	Check #092195, Skyline Corp. payable to New Liberty Homes, Inc., deposited into New Liberty Homes ANB account #10128668 by <b>LOCHMILLER</b>	\$104,534.54

All in violation of Title 18, United States Code, Sections 1957 and 2.

**COUNTS TWENTY-FOUR THROUGH THIRTY-THREE**

1. Sections A, C and D are realleged as if fully set forth herein.
2. From a date uncertain, but at least by 1999, through in or about May 2009, in the District of Colorado and elsewhere, the defendants did knowingly and willfully devise a scheme to defraud and for obtaining money and property by means of material false pretenses, representations and promises, knowing at the time that the pretenses, representations and promises were false when made.
3. On or about the dates set forth below, for the purpose of executing said scheme and attempting to do so, and in furtherance thereof, the defendants,

**PHILIP R. LOCHMILLER**  
**PHILIP R. LOCHMILLER, II**  
**and**  
**SHAWNEE N. CARVER,**

did knowingly cause to be placed in authorized depositories to be delivered by the United States Postal Service according to the directions thereon, the following mail matter sent on behalf of Valley Mortgage and/or Valley Investments, 1445 N. 7<sup>th</sup> Street, Grand Junction, Colorado, 81501:

<b>COUNT</b>	<b>DATE</b>	<b>LETTER DESCRIPTION</b>	<b>MAILED TO</b>
<b>TWENTY-FOUR</b>	December 2005	<b>LOCHMILLER</b> Annual Newsletter	Investors
<b>TWENTY-FIVE</b>	May 29, 2007	<b>LOCHMILLER</b> letter entitled "Here we grow again!"	G.K., xxxx Overlook Drive, Grand Junction, CO 81505
<b>TWENTY-SIX</b>	September 25, 2008	<b>LOCHMILLER</b> letter accompanying renewal contracts and return envelope, ATTN: CARVER	J.K., xxxx Nashua Court, Grand Junction, CO 81503

COUNT	DATE	LETTER DESCRIPTION	MAILED TO
<b>TWENTY-SEVEN</b>	January 13, 2009	<b>LOCHMILLER</b> letter re: Valley Investments and economy	Investors
<b>TWENTY-EIGHT</b>	On or before January 19, 2009	<b>LOCHMILLER</b> one-time renewal offer at 14%	Investors
<b>TWENTY-NINE</b>	January 26, 2009	<b>LOCHMILLER</b> letter requesting 2-year extension at 14%	Investors
<b>THIRTY</b>	January 29, 2009	<b>LOCHMILLER</b> letter re: mortgage business	Investors
<b>THIRTY-ONE</b>	March 16, 2009	<b>CARVER</b> letter to investor stating lot(s) are under contract to be sold	S.B., xxxx Crestridge Ct., Grand Junction, CO 81506
<b>THIRTY-TWO</b>	March 25, 2009	<b>LOCHMILLER</b> "final reminder" letter	Investors
<b>THIRTY-THREE</b>	April 30, 2009	<b>CARVER</b> Statement for 5/1/2009	M.D., xxx South Main Street, Moab, UT 84532

All in violation of Title 18, United States Code, Sections 1341 and 2.

A TRUE BILL:

Ink signature on file in the Clerk's Office  
FOREPERSON

DAVID GAQUETTE  
United States Attorney

s/ Michelle M. Heldmyer  
MICHELLE M. HELDMYER  
Assistant United States Attorney  
400 Rood Ave., Ste 220  
Grand Junction, CO 81501  
Phone: (970) 241-3843  
Fax: (970) 248-3630  
Email: [michelle.heldmyer@usdoj.gov](mailto:michelle.heldmyer@usdoj.gov)  
Attorney for Plaintiff the United States

DEFENDANT: Philip R. Lochmiller a/k/a Philip R. Lochmiller Sr.

YOB: 1947

ADDRESS(City/State): Mack, CO

COMPLAINT FILED? \_\_\_\_\_ YES \_\_\_\_ X \_\_\_\_ NO

IF YES, PROVIDE MAGISTRATE CASE NUMBER: \_\_\_\_\_  
IF NO, PROCEED TO "OFFENSE" SECTION

HAS DEFENDANT BEEN ARRESTED ON COMPLAINT? \_\_\_\_\_ YES \_\_\_\_ X \_\_\_\_  
NO IF NO, A NEW WARRANT IS REQUIRED

OFFENSE: **COUNT ONE:**  
Conspiracy to commit offense against the United States in violation of  
18 U.S.C. § 371.

**COUNT TWO:**  
Money laundering conspiracy in violation of 18 U.S.C. § 1956(h).

**COUNT THREE THROUGH SIX, EIGHT THROUGH TWENTY-THREE:**  
Money laundering in violation of 18 U.S.C. § 1957 and 2.

**COUNT TWENTY-FOUR THROUGH THIRTY-THREE**  
Mail fraud in violation of 18 U.S.C. § 1341 and 2.

LOCATION OF OFFENSE: Mesa County, Colorado

PENALTY: **COUNT ONE:**  
NMT five years imprisonment, NMT \$250,000 fine, NMT 3 years  
supervised release, \$100 Special Assessment fee, restitution

**COUNT TWO:**  
NMT 20 years imprisonment, NMT \$500,000 fine or twice the value of the  
property involved, whichever is greater, NMT 3 years supervised release,  
\$100 Special Assessment fee, restitution

**COUNTS THREE THROUGH SIX, EIGHT THROUGH TWENTY-THREE:**  
NMT 10 years imprisonment, NMT \$250,000 fine or twice the value of the  
property involved, NMT 3 years supervised release, \$100 Special  
Assessment fee, restitution

**COUNTS TWENTY-FOUR THROUGH THIRTY-FIVE**

NMT 20 years imprisonment, NMT \$250,000.00 fine, NMT 3 years supervised release, \$100 Special Assessment fee, restitution

AGENT: Jane Quimby  
FBI

AUTHORIZED BY: Michelle M. Heldmyer  
Assistant U.S. Attorney

ESTIMATED TIME OF TRIAL:

\_\_\_\_\_ five days or less      x   over five days    \_\_\_\_\_ other

THE GOVERNMENT

\_\_\_\_\_ will seek pretrial detention in this case      X   will **not** seek pretrial detention in this case

The statutory presumption of detention **is not** applicable to this defendant.

OCDETF CASE:    \_\_\_\_\_ Yes      X   No

DEFENDANT: Philip R. Lochmiller II a/k/a Philip R. Lochmiller Jr.

YOB: 1971

ADDRESS(City/State): Olathe, KS

COMPLAINT FILED? \_\_\_\_\_ YES \_\_\_\_ X \_\_\_\_ NO

IF YES, PROVIDE MAGISTRATE CASE NUMBER: \_\_\_\_\_  
IF NO, PROCEED TO "OFFENSE" SECTION

HAS DEFENDANT BEEN ARRESTED ON COMPLAINT? \_\_\_\_\_ YES \_\_\_\_ X \_\_\_\_  
NO IF NO, A NEW WARRANT IS REQUIRED

OFFENSE: **COUNT ONE:**  
Conspiracy to commit offense against the United States in violation of  
18 U.S.C. § 371.

**COUNT TWO:**  
Money laundering conspiracy in violation of 18 U.S.C. § 1956(h).

**COUNT THREE, FOUR, SEVEN THROUGH NINE, ELEVEN,  
FOURTEEN, FIFTEEN:**  
Money laundering in violation of 18 U.S.C. § 1957 and 2.

**COUNT TWENTY-FOUR THROUGH THIRTY-THREE**  
Mail fraud in violation of 18 U.S.C. § 1341 and 2.

LOCATION OF OFFENSE: Mesa County, Colorado

PENALTY: **COUNT ONE:**  
NMT five years imprisonment, NMT \$250,000 fine, NMT 3 years  
supervised release, \$100 Special Assessment fee, restitution

**COUNT TWO:**  
NMT 20 years imprisonment, NMT \$500,000 fine or twice the value of the  
property involved, whichever is greater, NMT 3 years supervised release,  
\$100 Special Assessment fee, restitution

**COUNTS THREE, FOUR, SEVEN THROUGH NINE, ELEVEN,  
FOURTEEN, FIFTEEN:**  
NMT 10 years imprisonment, NMT \$250,000 fine or twice the value of the  
property involved, NMT 3 years supervised release, \$100 Special  
Assessment fee, restitution



**COUNTS TWENTY-FOUR THROUGH THIRTY-FIVE**

NMT 20 years imprisonment, NMT \$250,000.00 fine, NMT 3 years supervised release, \$100 Special Assessment fee, restitution

AGENT: Jane Quimby  
FBI

AUTHORIZED BY: Michelle M. Heldmyer  
Assistant U.S. Attorney

ESTIMATED TIME OF TRIAL:

\_\_\_\_\_ five days or less      x   over five days    \_\_\_\_\_ other

THE GOVERNMENT

\_\_\_\_\_ will seek pretrial detention in this case      X   will **not** seek pretrial detention in this case

The statutory presumption of detention **is not** applicable to this defendant.

OCDETF CASE:    \_\_\_\_\_ Yes      X   No

DEFENDANT: Shawnee N. Carver

YOB: 1976

ADDRESS(City/State): Grand Junction, CO

COMPLAINT FILED? \_\_\_\_\_ YES \_\_\_\_ X \_\_\_\_ NO

IF YES, PROVIDE MAGISTRATE CASE NUMBER: \_\_\_\_\_  
IF NO, PROCEED TO "OFFENSE" SECTION

HAS DEFENDANT BEEN ARRESTED ON COMPLAINT? \_\_\_\_\_ YES \_\_\_\_ X \_\_\_\_  
NO IF NO, A NEW WARRANT IS REQUIRED

OFFENSE: **COUNT ONE:**  
Conspiracy to commit offense against the United States in violation of  
18 U.S.C. § 371.

**COUNT TWO:**  
Money laundering conspiracy in violation of 18 U.S.C. § 1956(h).

**COUNT TWENTY-FOUR THROUGH THIRTY-THREE**  
Mail fraud in violation of 18 U.S.C. § 1341 and 2.

LOCATION OF OFFENSE: Mesa County, Colorado

PENALTY: **COUNT ONE:**  
NMT five years imprisonment, NMT \$250,000 fine, NMT 3 years  
supervised release, \$100 Special Assessment fee, restitution

**COUNT TWO:**  
NMT 20 years imprisonment, NMT \$500,000 fine or twice the value of the  
property involved, whichever is greater, NMT 3 years supervised release,  
\$100 Special Assessment fee, restitution

**COUNTS TWENTY-FOUR THROUGH THIRTY-FIVE**  
NMT 20 years imprisonment, NMT \$250,000.00 fine, NMT 3 years  
supervised release, \$100 Special Assessment fee, restitution

AGENT: Jane Quimby  
FBI

AUTHORIZED BY: Michelle M. Heldmyer  
Assistant U.S. Attorney

ESTIMATED TIME OF TRIAL:

       five days or less   x   over five days        other

THE GOVERNMENT

       will seek pretrial detention in this case   X   will **not** seek pretrial detention in this case

The statutory presumption of detention **is not** applicable to this defendant.

OCDETF CASE:        Yes   X   No